

Senate Study Bill 1214 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON DANIELSON)

A BILL FOR

1 An Act relating to corporate shareholders by requiring
2 shareholder authorization of political expenditures by
3 corporations, requiring related shareholder statements and
4 notices, and including penalty provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 490.1620A Political expenditure
2 approval — statements for shareholders.

3 1. As used in this section, "*political expenditure*" means a
4 contribution, gift, transfer, disbursement, or promise of money
5 or a thing of value to promote or assist in the promotion of the
6 success or defeat of a candidate, political party, or ballot
7 issue in any state or federal election.

8 2. A corporation shall not use any money or other property
9 of the corporation in connection with a political expenditure
10 unless the shareholders of the corporation, by the affirmative
11 vote of a majority of all votes entitled to be cast, do all of
12 the following:

13 a. Authorize in advance the total amount of money or
14 property that may be used for all political expenditures during
15 a specified fiscal year of the corporation.

16 b. Direct that the money or property be contributed to any
17 of the following:

18 (1) A specified candidate or specified candidates.

19 (2) Candidates of a specified political party or parties.

20 (3) A specified political party or specified political
21 parties.

22 (4) A specified committee or specified committees.

23 (5) A specified entity or specified entities exempt from
24 taxation under section 501(c)(4) or (6) of the Internal Revenue
25 Code.

26 (6) A specified ballot issue or specified ballot issues.

27 3. Shareholder consideration of political expenditures
28 shall occur at an annual or special meeting of the
29 shareholders.

30 4. a. Within forty-eight hours after making a political
31 expenditure, the corporation shall:

32 (1) Give notice of the political expenditure by electronic
33 transmission to each shareholder that has requested notice.

34 (2) If the corporation maintains an internet site, post
35 notice of the political expenditure on the internet site.

b. A notice provided pursuant to this subsection shall state the amount, recipient, date, and purpose of the political expenditure.

4 5. The corporation shall prepare and make available to its
5 shareholders an annual political expenditure statement. The
6 annual political expenditure statement shall list all political
7 expenditures made by the corporation during the prior year,
8 including the amount, recipient, date, and purpose of each
9 political expenditure.

10 6. Whenever it appears to the attorney general that any
11 person has engaged in any act or practice constituting a
12 violation of any provision of this section, the attorney
13 general may bring an action to obtain any one or more of the
14 following remedies:

15 *a.* A temporary restraining order.

16 *b.* A temporary or permanent injunction.

17 *c.* A civil penalty not exceeding either of the following:

18 (1) For a violation of subsection 2, three times the amount
19 of the political expenditure made.

20 (2) Five thousand dollars for any other violation of this
21 section.

22 *d.* A declaratory judgment.

23 *e.* Recision.

24 *f.* Restitution.

25 *g.* Any other appropriate relief.

26 Sec. 2. EFFECTIVE DATE. This Act takes effect October 1,
27 2015.

28 EXPLANATION

29 The inclusion of this explanation does not constitute agreement with
30 the explanation's substance by the members of the general assembly.

31 This bill relates to corporate shareholders by requiring
32 shareholder authorization of political expenditures by
33 corporations, by requiring corporations to provide to
34 shareholders statements and notices relating to political
35 expenditures, and including penalty provisions.

1 The bill prohibits a corporation from using any money
2 or other property of the corporation in connection with a
3 political expenditure, as defined in the bill, unless the
4 stockholders have authorized in advance the amount of money
5 or property to be used and have directed that the money
6 or property be used for specified purposes. The bill also
7 requires notices and reporting about corporate political
8 expenditures and authorizes the attorney general to bring a
9 civil action to obtain specified remedies for a violation of
10 the bill.

11 The bill takes effect October 1, 2015.